

Don't Put All Your Eggs In One Basket!  
10 Secrets Why Wholesale Drop Shippers Should Not Be Your Only Supplier  
by Janiece V. Smith

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If you sell on eBay, read this now. You'll discover the shocking truth about drop shippers and why you should avoid having them as your only product suppliers.

At least 99.99% of all Internet drop shippers sell their products for much more than you can buy them yourself right off eBay. Alarming, isn't it?

It seems unfair to us eBay sellers. Why don't drop shippers sell their products cheap enough for us to make money? Well, it's simple. Drop shippers have to make money too and there is simply not enough working room in the prices to allow both sides to make a profit.

But, with a little work and a little knowledge, you can get the same products they sell for even cheaper than they do! And, yes, you read that correctly. You really can buy these same products for just as inexpensively as or even less expensively than they do.

Many times, you may feel that drop shippers are trying to cheat you. This isn't necessarily the case. Drop shippers can make you believe they are the cheapest source for their products. If they didn't, they would quickly go broke.

So why do people buy from them? For one, some people are desperate for money to pay those overdue bills. If you are like most people who try to make a living selling on eBay, you have undoubtedly looked into—or possibly even used—a drop shipper to at least get something to list. Sadly, after you listed the item you probably found that there were other sellers offering the same item for much cheaper than your drop shipper even sold it to you.

Believe me, I know how frustrating it is to wonder why nothing sells, especially when you (supposedly) received it for the “lowest price anywhere.”

Please don't misconstrue what I'm saying—I do firmly believe that most wholesale drop shippers are good companies that offer good products. And, yes, it is possible to find products from drop shippers that are cheap enough to sell for a profit and make money on eBay.

That said, I don't see a viable way you will ever make a living using drop shippers. At best, you might be able to make a couple hundred dollars per month. And even that would take many hours of work and lots of frustration.

But, if you do want to find products that will sell using a drop shipper, just follow these easy steps:

1. Find a product category on the drop shipper's site that interests you and that you have some knowledge of.
2. Get an exact description of the product and the cost.
3. Conduct an eBay search for the exact product. If there are no current auctions for that product, try checking completed sales.
4. Compare the sale price with the price for which you can purchase the item.
  5. Make sure you compare the EXACT same product. Using a product that is close could include many variables that would make a difference in its sale price.
  6. Check the shipping and handling prices for these products on eBay to make sure the seller is not low-balling the product's sale price and making his/her money on the handling fees.
7. If the product has a successful record of selling and is the exact same product that you're researching, then look a little closer as to whether you should list it or not.
  8. If you do decide to list it, make sure that (after you deduct all of your fees, including PayPal, eBay, Auction program, etc.) you are earning enough per hour to make it worth your while.
9. Choose an amount you will work for and don't get caught trying to sell items only to make \$0.83 per hour. It will only waste your time. Spend your time finding high-profit, low-risk items.
10. If all the numbers work, sell the item! Then start trying to find new items and add additional products.

You might only find 1 in 50 or 1 in 100 products that you can get for a low enough price to make a good profit. If you're lucky, when using a wholesale drop shipper, you may locate a product with a gross profit of \$3 to \$8 per piece. That's not bad, but definitely not great. You would have to sell a whole lot of them, just to pay your car payment.

I don't know about you, but working this hard and putting in that many hours does not sound like fun to me. You may as well get a job at a fast-food restaurant and save your energy. The point is that you will never make a GOOD LIVING using these drop shippers.

You could make enough to have a little extra spending money while you are working to find these products yourself at below wholesale prices. That is the ONLY reason I would

recommend using them. To further demonstrate, let's put some numbers together and see exactly how you can make a couple hundred dollars per month using a drop shipper.

For example, let's say you found a product that sells for \$20 and has a net profit of \$8 per piece (we are shooting on the high side here). Without being a math genius, you can see you would need to sell 30 of these products to gross \$600.

Follow along, as I want you to see the shocking truth about these wholesalers. Just by searching around myself, I found that you would probably spend a good 12 to 24 hours searching for a product with which you could earn \$8 each by using a drop shipper.

Most likely, you would only have these great finds once or twice per month. The reality is that you can only list so many of the same products and expect them to sell. Drop shippers won't normally have a wide range of items that would generate that kind of profit anyway.

One more thing to keep in mind: Even if you do find a potential seller, it's likely that hundreds of other eBay sellers are trying to sell that same product from the same wholesale drop shipper.

So take your \$600 gross from the example above. Then deduct your fees of about 60%, which includes the cost of your product, eBay, PayPal, etc. This leaves you with \$240 for 12 hours of work. That's a little bit over \$20 per hour. Not too bad, but remember, this is a best-case scenario. You would have to do that a few times per month to make any real money.

Time-wise and profit-wise your best bet is to never let your only product supplier be a wholesale drop shipper. Otherwise, you could easily get yourself into financial trouble.

I teach all my members and customers that the ONLY way to make big money is to bypass these wholesale drop shippers. That said, I do think you can use them while you are building your own EXCLUSIVE list of product suppliers.

Surf around eBay. With a little research, you'll find that there are literally hundreds of categories in which you can sell to make a living. So take the time and do your homework. By being a smart buyer and seller you will profit much more than you ever thought was possible. Now, get out there and start selling!

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### **Resources Box:**

Janiece Smith is the author of Internet's top-selling eBook teaching everyday people how to make their own small fortune selling on eBay®.

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